



Lawgics

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Section 27 of CGST Act, 2017

27. Special provisions relating to casual taxable person and non-resident taxable person.

(1) The certificate of registration issued to a casual taxable person or a non-resident taxable person shall be valid for the period specified in the application for registration or ninety days from the effective date of registration, whichever is earlier and such person shall make taxable supplies only after the issuance of the certificate of registration:

Provided that the proper officer may, on sufficient cause being shown by the said taxable person, extend the said period of ninety days by a further period not exceeding ninety days.

(2) A casual taxable person or a non-resident taxable person shall, at the time of submission of application for registration under sub-section (1) of section 25, make an advance deposit of tax in an amount equivalent to the estimated tax liability of such person for the period for which the registration is sought:

Provided that where any extension of time is sought under sub-section (1), such taxable person shall deposit an additional amount of tax equivalent to the estimated tax liability of such person for the period for which the extension is sought.

(3) The amount deposited under sub-section (2) shall be credited to the electronic cash ledger of such person and shall be utilized in the manner provided under section 49.

Relevant Rules	Subject	Relevant Forms
Rule 13	Grant of registration to non-resident taxable person	REG-09
Rule 15	<u>Extension in period of operation by casual taxable person and non-resident taxable person</u> (1) Where a registered casual taxable person or a non-resident taxable person intends to extend the period of registration indicated in his application of registration, an application in FORM GST REG-11 shall be submitted electronically through the common portal, either directly or through a Facilitation Centre notified by the Commissioner, by such person before the end of the validity of registration granted to him. (2) The application under sub-rule (1) shall be acknowledged only on payment of the amount specified in sub-section (2) of section 27.	REG-11

Our Interpretation

<p>Section 27(1) read with Rule 15</p>	<p><u>Validity period of Registration for casual taxable person (CTP) & non-resident taxable person (NRTP)</u></p> <p>Section 27(1) states that the validity period of registration certificate issued to CTP & NRTP is earlier of date specified in the order or 90 days from the effective date of order. CTP or NRTP cannot start their business without first obtaining the certificate of registration.</p> <p>Proviso to this section provides that the validity period can be further extended up to 90 days by the proper officer, on an application in REG-11 by the applicant explaining the sufficient cause for such extension. However, registration certificate cannot be operative beyond 180 days.</p> <p>Also note that Circular No. 71/45/2018-GST dated 26.10.2018 gives clarification for CTP in case exhibition period is for more than 180 days. It clarified as under: -</p> <ul style="list-style-type: none">❖ In case of long running exhibition, for a period more than 180 days, such person needs to take a normal registration instead of casual registration❖ In such a situation, proof of place of business would be copy of allotment letter granted to him permission to use the premises for the exhibition period.❖ In such cases, no advance tax as required from CTP is required to be paid.❖ The person has to surrender the RC, once the exhibition is over.
<p>Section 27(2)</p>	<p><u>Advance tax payment by CTP or NRTP</u></p> <p>The CTP or NRTP is required to make payment of taxes in advance on estimated tax liability basis before filing registration application for the period for which the registration is sought or filing extension application for the period for which the extension is sought as per law.</p>
<p>Section 27(3)</p>	<p><u>Treatment of Advance tax deposited by CTP / NRTP</u></p> <p>The Advance tax so deposited by CTP or NRTP shall be credited to his Electronic Cash Ledger and the same shall be utilized to discharge his actual tax liability while filing returns prescribed under the law.</p> <p>Circular No. 71/45/2018-GST dated 26.10.2018 clarified whether CTP or NRTP is required to deposit 100% in cash for estimated gross tax liability or after deducting eligible ITC. It was clarified that:</p> <ul style="list-style-type: none">❖ Application for registration in REG-01 seeks information for “estimated net tax liability” only and not the gross tax liability❖ Accordingly, eligible ITC needs to be deducted to arriving at “estimated net tax liability” and the same “estimated net tax liability” needs to be deposited in cash before grant of registration or its further extension.

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